

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 503 - SB 534

March 24, 2017

SUMMARY OF BILL: Increases the Basic Education Program (BEP) funding ratio for school nurses from one nurse for every 3,000 students, to one nurse for every 750 students. Requires local education agencies (LEAs) to employ school nurses at a ratio of one nurse for every 750 students in Average Daily Membership (ADM).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$42,583,800/FY17-18 and Subsequent Years/BEP

Increase Local Expenditures –

\$4,015,500/FY17-18 and Subsequent Years/BEP*

Up to \$10,179,100/FY17-18 and Subsequent Years/Permissive

Assumptions:

- Increasing the ratio of nurses funded from one nurse for every 3,000 students to one nurse for every 750 students will increase state BEP expenditures.
- Based on information provided by the Department of Education (DOE), the change in the ratio will increase the number of nurses required to be funded by the BEP by 943.3 nurses.
- Each nurse position will receive a salary of \$46,225 plus \$13,996.23 in benefits.
- The total increase in expenditures to fully fund the required 943.3 nurse positions is estimated to be is \$56,778,387 $[(\$46,225 + \$13,966.23) \times 943.3]$
- The state share of BEP expenditures for school nurses is 75 percent.
- The recurring increase in state BEP expenditures is estimated to be \$42,583,790 $(\$56,778,387 \times 75.0\%)$.
- If all LEAs funded only their minimum local BEP match requirement, the mandatory recurring increase in local expenditures would be \$14,194,597 $(\$56,778,387 \times 25.0\%)$.
- However, most LEAs currently maintain spending levels considerably above their minimum local BEP match requirement; however, the DOE identified 15 LEAs that do not fund above their minimum local BEP match requirement based on FY16-17 local contributions. Based on information provided by the DOE, the mandatory recurring

increase in local government expenditures relative to these 15 LEAs is estimated to be \$4,015,502.

- LEAs that currently fund above the minimum local BEP match requirement may be required to increase local funding depending on the extent to which each LEA contributes above the minimum local BEP match requirement. For the purpose of this fiscal note, it is assumed each of the remaining LEAs fund sufficiently above the minimum required local BEP match and could repurpose portions of existing local funding to accommodate the purposes of this legislation without being required to make additional contributions toward the BEP. However, and to the extent each LEA elects to maintain current expenditures for currently budgeted items, and further elects to increase funding sufficient for the purpose of this legislation, the permissive recurring increase in local expenditures is estimated as an amount up to \$10,179,095 (\$14,194,597 - \$4,015,502).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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